

CASS COUNTY ENVIRONMENTAL CONTROL AGENCY

**INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS**

JUNE 30, 2011 AND 2010

Cass County Environmental Control Agency

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Cass County Environmental Control Agency

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Raymond Zellmer	Chairperson	City of Wiota
Duane McFadden	Vice Chairperson	Cass County
Frank Waters	Member	Cass County
Dennis Zimmerman	Member	City of Anita
Kern Miller	Member	City of Atlantic
Kathy Somers	Member	City of Atlantic
Dave Meyer	Member	City of Cumberland
Jared Wyman	Member	City of Griswold
Matt Klein	Member	City of Lewis
Jim Hoffman	Member	City of Marne
Mike Cormack	Member	City of Massena
Wendy Wittrock	Manager, Secretary-Treasurer	

Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Cass County
Environmental Control Agency

We have audited the accompanying financial statements of Cass County Environmental Control Agency as of and for the years ended June 30, 2011 and 2010. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cass County Environmental Control Agency at June 30, 2011 and 2010 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2011 on our consideration of Cass County Environmental Control Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The management's discussion and analysis on pages 3 through 3c is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Gronewold, Bell, Kyhnn & Co. P.C.

Atlantic, Iowa
November 28, 2011

Cass County Landfill & Recycling Center



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Cass County Environmental Control Agency (Agency) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Agency's operating revenues decreased .04%, or \$312 from fiscal year 2010 to fiscal year 2011.
- The Agency's operating expenses were 15.5% , or \$161,236 lower in fiscal year 2011 than in fiscal year 2010.
- The Agency's net assets decreased \$117,178 from June 30, 2010 to June 30, 2011.

USING THIS ANNUAL REPORT

The Cass County Environmental Control Agency's accounts are organized as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Agency presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Assets presents information on the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses and Changes to Net Assets is the basic statement of activities for proprietary funds. This statement presents information on the Agency's operating revenues and expenses, nonoperating revenues and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Agency financed its activities and how it met its cash requirements.

The Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Net Assets

Net assets may serve over time as a useful indicator of the Agency's financial position. A summary of the Agency's net assets at June 30, 2011 and 2010 is presented below.

	<u>2011</u>	<u>2010</u>
Current assets.....	\$ 141,759	\$ 210,466
Non current restricted assets.....	122,605	110,216
Capital assets.....	2,222,539	2,400,246
Intangible assets.....	<u>77,584</u>	<u>132,797</u>
Total Assets	2,564,487	2,853,725
Current liabilities.....	303,331	352,399
Non current liabilities.....	<u>1,412,976</u>	<u>1,535,968</u>
Total Liabilities	1,716,307	1,888,367
Net Assets		
Invested in capital assets.....	1,590,370	1,621,706
Restricted / Unrestricted.....	<u>(742,190)</u>	<u>(656,348)</u>
Total Net Assets	<u>\$ 848,180</u>	<u>\$ 965,358</u>

A portion of the Agency's 2011 net assets are restricted for closure and postclosure care. State and federal laws and regulations require the Agency to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of 30 years after closure.

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues are received for fees from accepting solid waste from the residents and businesses of the county. Operating expenses are expenses paid to operate the landfill. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. Nonoperating revenues and expenses include interest income and interest expense. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2011 and 2010 is presented below:

	<u>2011</u>	<u>2010</u>
Operating revenues.....	\$ 791,189	\$ 791,501
Operating expenses.....	<u>879,238</u>	<u>1,040,474</u>
Operating Loss.....	(88,049)	(248,973)
Net nonoperating revenues (expenses).....	<u>(29,129)</u>	<u>71,339</u>
Excess of expenses over revenues before unusual item.....	(117,178)	(177,634)
Unusual Item.....(building destroyed by fire).....	<u>--</u>	<u>108,378</u>
Change in Net Assets.....	(117,178)	(69,256)
Net Assets – Beginning of Year.....	<u>965,358</u>	<u>1,034,614</u>
Net Assets – End of Year.....	<u>\$ 848,180</u>	<u>\$ 965,358</u>

In fiscal 2011, operating revenues remained relatively the same. Operating expenses decreased by \$161,236, primarily a result of less closure and postclosure care costs.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing, and investing activities. Cash provided by operating activities in fiscal 2011 includes landfill fees and recycling revenues reduced by payments to employees and to suppliers. Cash used in capital and related financing activities in fiscal year 2011 includes the purchase of capital assets, proceeds and payments on long-term debt, and grant proceeds.

CAPITAL ASSETS

At June 30, 2011 the Agency had approximately \$2,222,539 invested in capital assets, net of accumulated depreciation.

DEBT ADMINISTRATION

At June 30, 2011, the Agency had \$667,662 in notes payable and capital lease obligations outstanding compared to \$860,578 as of June 30, 2010.

ECONOMIC FACTORS

The Agency's primary source of revenue is landfill tipping fees. Landfill tipping fees are expected to remain the same for fiscal year 2012. Operating expenditures in fiscal year 2012 are also expected to remain about the same as expenditures for fiscal year 2011.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Cass County Environmental Control Agency, 65928 Jackson Road, Atlantic, Iowa 50022.

Cass County Environmental Control Agency

Statements of Net Assets

June 30,

	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Cash	\$ 39,875	\$ 58,643
Accounts receivable	80,316	99,525
Grant receivable	--	32,975
Prepaid insurance	<u>21,568</u>	<u>19,323</u>
Total current assets	141,759	210,466
Noncurrent assets:		
Restricted assets:		
Cash	114,353	93,626
Cash held in escrow by Cass County	<u>8,252</u>	<u>16,590</u>
	122,605	110,216
Capital assets:		
Non-depreciable capital assets	680,000	803,923
Depreciable capital assets, net	<u>1,542,539</u>	<u>1,596,323</u>
	2,222,539	2,400,246
Intangible assets, net	<u>77,584</u>	<u>132,797</u>
 Total assets	 <u>\$ 2,564,487</u>	 <u>\$ 2,853,725</u>

The accompanying notes are an integral part of these statements.

	<u>2011</u>	<u>2010</u>
Liabilities and Net Assets		
Current liabilities:		
Line of credit	\$ 15,000	\$ --
Current maturities of capital leases	71,490	72,736
Current maturities of notes payable	144,167	172,305
Current portion of estimated liability for landfill closure and postclosure care costs	23,022	23,352
Accounts payable, trade	3,604	14,446
Accounts payable, plant	27,091	50,759
Salaries and benefits payable	2,132	2,739
Due to other governments	4,677	3,884
Accrued interest payable	1,698	2,328
Compensated absences	<u>10,450</u>	<u>9,850</u>
Total current liabilities	303,331	352,399
Non-current liabilities:		
Capital leases, less current maturities	148,491	219,981
Notes payable, less current maturities	303,514	395,556
Estimated liability for landfill closure and postclosure care costs, less current portion	<u>960,971</u>	<u>920,431</u>
Total non-current liabilities	<u>1,412,976</u>	<u>1,535,968</u>
Total liabilities	1,716,307	1,888,367
Net assets:		
Invested in capital assets, net of related debt	1,590,370	1,621,706
Restricted for:		
Tonnage fees retained	11,705	19,354
Closure and postclosure care	114,353	90,862
Unrestricted	<u>(868,248)</u>	<u>(766,564)</u>
Total net assets	<u>848,180</u>	<u>965,358</u>
Total liabilities and net assets	<u>\$ 2,564,487</u>	<u>\$ 2,853,725</u>

Cass County Environmental Control Agency
Statements of Revenues, Expenses and Changes in Net Assets

Year ended June 30,

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Solid waste fees	\$ 657,750	\$ 686,491
Recyclables	127,328	102,124
Other	<u>6,111</u>	<u>2,886</u>
Total operating revenues	791,189	791,501
Operating expenses:		
Administration	71,942	61,207
Engineering	17,088	42,372
Recycling expenses	116,941	111,905
Cover, compacting and scale expenses	138,470	145,576
Equipment	75,733	87,370
Mandated changes	28,675	54,089
Buildings and grounds	340,251	367,674
Closure and postclosure care costs	40,210	125,145
Tonnage fees to Iowa Department of Natural Resources	17,958	19,806
Employee benefits	<u>31,970</u>	<u>25,330</u>
Total operating expenses	879,238	1,040,474
Operating loss	(88,049)	(248,973)
Non-operating revenues (expenses):		
Gain on disposal of assets	550	23,500
Grant revenue	8,043	89,983
Interest income	218	214
Interest expense	<u>(37,940)</u>	<u>(42,358)</u>
Non-operating revenues (expenses), net	(29,129)	71,339
Excess of expenses over revenues before unusual item	(117,178)	(177,634)
Unusual item (Note 14)	<u>--</u>	<u>108,378</u>
Change in net assets	(117,178)	(69,256)
Net assets beginning of year	<u>965,358</u>	<u>1,034,614</u>
Net assets end of year	<u>\$ 848,180</u>	<u>\$ 965,358</u>

The accompanying notes are an integral part of these statements.

Cass County Environmental Control Agency

Statements of Cash Flows

Year ended June 30,

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from solid waste fees	\$ 676,959	\$ 680,844
Cash received from recyclables	127,328	102,124
Cash received from other revenue	6,111	2,886
Cash payments to suppliers for goods and services	(356,209)	(398,386)
Cash payments to employees for services	(184,784)	(170,249)
Net cash provided by operating activities	<u>269,405</u>	<u>217,219</u>
Cash flows from capital and related financing activities:		
Cash received from grantor agency	41,018	57,008
Insurance proceeds	--	119,503
Purchase of capital assets	(101,084)	(374,313)
Proceeds from sale of assets	550	23,500
Proceeds on line of credit	15,000	--
Proceeds on note payable	17,607	35,975
Principal payments on capital leases	(72,736)	(63,066)
Principal payments on notes payable	(137,787)	(129,765)
Interest payments on long-term debt	(36,170)	(40,658)
Fee paid on line of credit	(2,400)	(2,400)
Net cash used in capital and related financing activities	<u>(276,002)</u>	<u>(374,216)</u>
Cash flows from investing activities:		
Interest received	<u>218</u>	<u>214</u>
Net decrease in cash and cash equivalents	(6,379)	(156,783)
Cash and cash equivalents at beginning of year	<u>168,859</u>	<u>325,642</u>
Cash and cash equivalents at end of year	<u>\$ 162,480</u>	<u>\$ 168,859</u>
Reconciliation of cash and cash equivalents to the statements of net assets:		
Cash in current assets	\$ 39,875	\$ 58,643
Cash held in escrow in restricted assets	8,252	16,590
Cash in restricted assets	<u>114,353</u>	<u>93,626</u>
Total cash and cash equivalents	<u>\$ 162,480</u>	<u>\$ 168,859</u>

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Cass County Environmental Control Agency

Statements of Cash Flows - Continued

Year ended June 30,

	<u>2011</u>	<u>2010</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$(88,049)	\$(248,973)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	310,336	340,381
Closure and postclosure care costs	40,210	125,145
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	19,209	(5,647)
Increase in prepaid insurance	(2,245)	(2,171)
Increase (decrease) in accounts payable, trade	(10,842)	6,261
Increase (decrease) in salaries and benefits payable	(607)	593
Increase in due to other governments	793	--
Increase in compensated absences	600	1,630
Total adjustments	<u>357,454</u>	<u>466,192</u>
Net cash provided by operating activities	<u>\$ 269,405</u>	<u>\$ 217,219</u>

Non-Cash Transactions:

The Agency also recorded the following non-cash transaction in addition to the transactions reflected in the reconciliation of operating loss to net cash provided by operating activities.

	<u>2011</u>	<u>2010</u>
Purchase of equipment with capital lease	<u>\$ --</u>	<u>\$ 256,914</u>

The accompanying notes are an integral part of these statements.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cass County Environmental Control Agency was formed in 1971 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to operate the sanitary landfill in Cass County for use by all residents of the County.

The Agency is composed of one representative from each of the eight member cities, except that the City of Atlantic appoints one additional representative and two representatives from Cass County. The member cities are: Anita, Atlantic, Cumberland, Griswold, Lewis, Massena, Marne and Wiot. The representative of a city is appointed by the political subdivision to be represented.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Cass County Environmental Control Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Cass County Environmental Control Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Cass County Environmental Control Agency are organized as an enterprise fund. Enterprise funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, and Net Assets

The following accounting policies are followed in preparing the Statement of Net Assets:

Cash, Investments, and Cash Equivalents - The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Restricted Assets - Funds set aside for payment of closure and postclosure care costs are classified as restricted.

Accounts Receivable - Accounts receivable represent amounts that are due and payable from customers but have not been collected at June 30. Management of the Agency believes the receivables will be realized without material collection losses; therefore, no allowance for uncollectible accounts exists.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Capital assets are accounted for at historical cost. Capital assets with lives in excess of three years and cost in excess of \$500 are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Building improvements	20-50
Equipment and vehicles	3-20

Interest is capitalized on qualified assets. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There was no interest capitalized during the years ended June 30, 2011 and 2010.

Compensated Absences - Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011.

NOTE 2 - CASH AND INVESTMENTS

The Agency's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to ensure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Agency; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 2 - CASH AND INVESTMENTS - Continued

The Agency had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement 40.

NOTE 3 - PENSION AND RETIREMENT BENEFITS

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% (5.38% effective July 1, 2011) of their annual salary and the Agency is required to contribute 6.95% (8.07% effective July 1, 2011) of annual payroll. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$12,842, \$12,056, and \$10,717, respectively, equal to the required contributions for each year.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 4 - CAPITAL ASSETS

A summary of capital assets at June 30, 2011 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Capital assets not being depreciated:				
Land	\$ 680,000	\$ --	\$ --	\$ 680,000
Construction in progress	<u>123,923</u>	<u>32,718</u>	<u>156,641</u>	<u>--</u>
Total capital assets not being depreciated	<u>803,923</u>	<u>32,718</u>	<u>156,641</u>	<u>680,000</u>
Capital assets being depreciated:				
Land improvements	647,252	--	--	647,252
Buildings	604,043	156,641	--	760,684
Equipment and vehicles	<u>1,204,089</u>	<u>44,698</u>	<u>6,600</u>	<u>1,242,187</u>
Total capital assets being depreciated	<u>2,455,384</u>	<u>201,339</u>	<u>6,600</u>	<u>2,650,123</u>
Less accumulated depreciation for:				
Land improvements	225,758	108,385	--	334,143
Buildings	155,964	29,613	--	185,577
Equipment and vehicles	<u>477,339</u>	<u>117,125</u>	<u>6,600</u>	<u>587,864</u>
Total accumulated depreciation	<u>859,061</u>	<u>255,123</u>	<u>6,600</u>	<u>1,107,584</u>
Total capital assets being depreciated, net	<u>1,596,323</u>	<u>(53,784)</u>	<u>--</u>	<u>1,542,539</u>
Total capital assets, net	<u>\$ 2,400,246</u>	<u>\$(21,066)</u>	<u>\$ 156,641</u>	<u>\$ 2,222,539</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 4 - CAPITAL ASSETS - Continued

A summary of capital assets at June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 680,000	\$ --	\$ --	\$ 680,000
Construction in progress	--	123,923	--	123,923
Total capital assets not being depreciated	<u>680,000</u>	<u>123,923</u>	<u>--</u>	<u>803,923</u>
Capital assets being depreciated:				
Land improvements	640,892	6,360	--	647,252
Buildings	624,043	--	20,000	604,043
Equipment and vehicles	<u>1,056,081</u>	<u>347,889</u>	<u>199,881</u>	<u>1,204,089</u>
Total capital assets being depreciated	<u>2,321,016</u>	<u>354,249</u>	<u>219,881</u>	<u>2,455,384</u>
Less accumulated depreciation for:				
Land improvements	87,854	137,904	--	225,758
Buildings	140,974	23,865	8,875	155,964
Equipment and vehicles	<u>570,555</u>	<u>106,665</u>	<u>199,881</u>	<u>477,339</u>
Total accumulated depreciation	<u>799,383</u>	<u>268,434</u>	<u>208,756</u>	<u>859,061</u>
Total capital assets being depreciated, net	<u>1,521,633</u>	<u>85,815</u>	<u>11,125</u>	<u>1,596,323</u>
Total capital assets, net	<u>\$ 2,201,633</u>	<u>\$ 209,738</u>	<u>\$ 11,125</u>	<u>\$ 2,400,246</u>

Equipment costing \$378,362 has been purchased under capital lease agreements. Accumulated depreciation on this equipment totals \$91,345, including \$48,928 of depreciation for the year ended June 30, 2011.

NOTE 5 - INTANGIBLE ASSETS

The Agency did not incur any expenses for landfill design and groundwater assessment projects during the year ended June 30, 2011. The total cost of the projects was \$379,496 and is being amortized over a period of five years.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 5 - INTANGIBLE ASSETS - Continued

A summary of the intangible assets at June 30, 2011 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Intangible assets	\$ 379,496	\$ --	\$ --	\$ 379,496
Accumulated amortization	<u>246,699</u>	<u>55,213</u>	<u>--</u>	<u>301,912</u>
Intangible assets, net	<u>\$ 132,797</u>	<u>\$(55,213)</u>	<u>\$ --</u>	<u>\$ 77,584</u>

A summary of the intangible assets at June 30, 2010 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Intangible assets	\$ 379,496	\$ --	\$ --	\$ 379,496
Accumulated amortization	<u>174,752</u>	<u>71,947</u>	<u>--</u>	<u>246,699</u>
Intangible assets, net	<u>\$ 204,744</u>	<u>\$(71,947)</u>	<u>\$ --</u>	<u>\$ 132,797</u>

NOTE 6 - LINE OF CREDIT

The Agency entered into a line of credit agreement in the amount of \$100,000 bearing an interest rate of 4% due April 27, 2012. The primary purpose of the line of credit is to provide operating funds. As of June 30, 2011, the outstanding balance on the line of credit was \$15,000.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 7 - NON-CURRENT LIABILITIES

A schedule of changes in the Agency's non-current liabilities for the year ended June 30, 2011 and 2010 follows:

	Balance 2010	Additions	Reductions	Balance 2011	Current Portion
Note Payable, 2003	\$ 160,961	\$ --	\$ 90,000	\$ 70,961	\$ 70,961
Note Payable, 2007	370,925	--	46,367	324,558	48,427
Note Payable, 2010	35,975	--	--	35,975	16,097
Note Payable, 2011	--	17,607	1,420	16,187	8,682
	<u>567,861</u>	<u>17,607</u>	<u>137,787</u>	<u>447,681</u>	<u>144,167</u>
Capital Lease Obligations:					
Cornhusker International	62,633	--	19,811	42,822	20,859
CNH Capital	4,397	--	4,397	--	--
Caterpillar	<u>225,687</u>	<u>--</u>	<u>48,528</u>	<u>177,159</u>	<u>50,631</u>
	<u>292,717</u>	<u>--</u>	<u>72,736</u>	<u>219,981</u>	<u>71,490</u>
Estimated Liability for Landfill Closure and Postclosure Care Costs	<u>943,783</u>	<u>40,210</u>	<u>--</u>	<u>983,993</u>	<u>23,022</u>
Total Non-Current Liabilities	<u>\$1,804,361</u>	<u>\$ 57,817</u>	<u>\$ 210,523</u>	<u>\$1,651,655</u>	<u>\$ 238,679</u>
	Balance 2009	Additions	Reductions	Balance 2010	Current Portion
Note Payable, 2003	\$ 246,664	\$ --	\$ 85,703	\$ 160,961	\$ 89,942
Note Payable, 2007	414,987	--	44,062	370,925	46,388
Note Payable, 2010	--	35,975	--	35,975	35,975
	<u>661,651</u>	<u>35,975</u>	<u>129,765</u>	<u>567,861</u>	<u>172,305</u>
Capital Lease Obligations:					
Cornhusker International	81,448	--	18,815	62,633	19,811
CNH Capital	17,421	--	13,024	4,397	4,397
Caterpillar	<u>--</u>	<u>256,914</u>	<u>31,227</u>	<u>225,687</u>	<u>48,528</u>
	<u>98,869</u>	<u>256,914</u>	<u>63,066</u>	<u>292,717</u>	<u>72,736</u>
Estimated Liability for Landfill Closure and Postclosure Care Costs	<u>818,638</u>	<u>125,145</u>	<u>--</u>	<u>943,783</u>	<u>23,352</u>
Total Non-Current Liabilities	<u>\$1,579,158</u>	<u>\$ 418,034</u>	<u>\$ 192,831</u>	<u>\$1,804,361</u>	<u>\$ 268,393</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 8 - CAPITAL LEASES

The Agency entered into a capital lease agreement with CNH Capital on October 14, 2008 for a skid loader. The agreement was for a period of 23 months at an approximate interest rate of 1.93%. The lease matured October, 2010.

The Agency entered into a capital lease agreement with Cornhusker International on October 17, 2008 for a high pressure hooklift. The agreement requires annual payments of \$23,124 made on the 17th of October for four years, including interest at 5.29%.

The Agency entered into a capital lease agreement with Caterpillar on November 4, 2009 for a track loader. The agreement calls for monthly payments of \$4,765 for a period of 60 months at an approximate interest rate of 4.25%.

The following is a schedule by year of future minimum lease payments and present value of net minimum lease payments:

<u>Year Ending June 30,</u>	<u>Present Value of Net Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Total Minimum Lease Payments</u>
2012	\$ 71,490	\$ 8,815	\$ 80,305
2013	74,788	5,517	80,305
2014	55,114	2,067	57,181
2015	<u>18,589</u>	<u>163</u>	<u>18,752</u>
Totals	<u>\$ 219,981</u>	<u>\$ 16,562</u>	<u>\$ 236,543</u>

NOTE 9 - NOTES PAYABLE

The Agency entered into a mortgage note payable with a local bank to finance a balefill project completed during the year ended June 30, 2003. The note requires monthly payments of \$8,000, including interest at 5.0%, and matures with a balloon payment due on January 4, 2012.

The Agency entered into a mortgage note payable for \$500,000 on May 22, 2007 with a local bank to finance expansion and compliance with DNR regulations. The note requires monthly payments of \$5,250, including interest at 4.75% maturing on June 1, 2017.

The Agency entered into a note payable for \$35,975 on June 15, 2010 with a local bank to finance the purchase of equipment. The note required a lump sum payment due June 15, 2011, which was refinanced into a note requiring monthly payments of \$1,565, including interest at 4.0% maturing on July 1, 2013. The note is collateralized by the equipment purchased.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 9 - NOTES PAYABLE - Continued

The Agency entered into a note payable for \$17,607 on May 4, 2011 with a local bank to finance the purchase of equipment. The note requires monthly payments of \$767, including interest at 4.25% maturing on May 4, 2013. The note is collateralized by the equipment purchased.

Scheduled principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 144,167	\$ 18,076	\$ 162,243
2013	76,841	12,552	89,393
2014	55,038	9,527	64,565
2015	56,073	6,927	63,000
2016	58,790	4,210	63,000
2017	56,772	1,108	57,880
	<u>\$ 447,681</u>	<u>\$ 52,400</u>	<u>\$ 500,081</u>

NOTE 10 - CLOSURE AND POSTCLOSURE CARE COSTS

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 10 - CLOSURE AND POSTCLOSURE CARE COSTS - Continued

During the fiscal year ended June 30, 2007 it was determined that the Agency could use additional horizontal expansion to increase the capacity and life of the currently used portion of the landfill. With the construction of future cells, the estimated life of the landfill is sixty years.

These costs for the Agency have been estimated at \$538,376 for closure and \$750,733 for postclosure, for a total of \$1,289,109 as of June 30, 2011, and the portion of the liability that has been recognized is \$983,993. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2011. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Subtitle D Cell (Phase 0) began accepting waste October 1, 2007 and has an estimated remaining life of 1.25 years. The Subtitle D Cell (Phase 1) began accepting waste June, 2009 and has an estimated remaining life of 1 year.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Agency has begun accumulating resources to fund these costs and, at June 30, 2011, assets of \$114,353 are restricted for these purposes, of which \$46,104 is for closure and \$68,249 is for postclosure care. They are reported as restricted assets and restricted net assets on the Statements of Net Assets.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Agency is required to demonstrate financial assurance for the unfunded costs. The Agency has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Agency is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 11 - SOLID WASTE TONNAGE FEES RETAINED

The Agency has established an account for restricting and using solid waste tonnage fees retained by the Agency in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2011, the unspent amounts retained by the Agency and restricted for the required purposes totaled \$11,705 (\$19,354 as of June 30, 2010).

NOTE 12 - RISK MANAGEMENT

The Cass County Environmental Control Agency is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as expenses from its operating fund at the time of payment to the risk pool. The Agency's annual contributions to the Pool were \$25,310 and \$23,447 for the years ended June 30, 2011 and 2010, respectively.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 12 - RISK MANAGEMENT - Continued

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The Agency does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the Agency's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Agency also carries commercial insurance purchased from other insurers for coverage associated with Workers' Compensation and Crime in the amount of \$1,000,000 and \$25,000, respectively. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13 - CONTINGENCIES

Line of Credit

The Agency entered into a line of credit agreement in the amount of \$1,200,000 bearing an interest rate of 5%, due January 1, 2012. The primary purpose of the line of credit is to show the Agency can demonstrate financial assurance for closure and postclosure care costs. As of June 30, 2011, the outstanding balance on the line of credit was \$ - 0 - .

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 13 - CONTINGENCIES - Continued

Subsequent Events

The Agency has evaluated all subsequent events through November 28, 2011, the date the financial statements were available to be issued.

Other Post Employment Benefits (OPEB)

Plan Description: As required by state law, the Agency offers health insurance to former employees who have retired after age 55, but have not reached Medicare eligibility. The fully insured plan is a part of the plan offered to all Agency employees, and the retirees must pay a health insurance premium equal to that charged for current employees. There are 5 active employees and no retirees currently covered by the plan.

Potential for Liability: A review of the Agency's current and potential future exposure to this requirement resulted in the conclusion that no material liability exists. Therefore no liability has been recorded.

NOTE 14 - UNUSUAL ITEM

A building was destroyed by fire during fiscal year 2010. Insurance proceeds received on the destroyed building totaled \$119,503. The book value of the building was \$11,125, resulting in a gain of \$108,378. Construction to replace the destroyed building was completed as of June 30, 2011. The total cost of the new building is approximately \$156,000. The Agency paid for the building with the insurance proceeds and internally generated funds.

* * *

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Members of the Cass County
Environmental Control Agency
Atlantic, Iowa

We have audited the accompanying financial statements of Cass County Environmental Control Agency as of and for the year ended June 30, 2011, and have issued our report thereon dated November 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cass County Environmental Control Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Cass County Environmental Control Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cass County Environmental Control Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

To the Members of the Cass County
Environmental Control Agency

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item 11-I-A to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass County Environmental Control Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Cass County Environmental Control Agency's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Agency's responses, we did not audit Cass County Environmental Control Agency's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Cass County Environmental Control Agency and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Gunnwald, Ben, Kohn & W.P.C.

Atlantic, Iowa
November 28, 2011

Cass County Environmental Control Agency

Schedule of Findings

Year ended June 30, 2011

PART I - SIGNIFICANT DEFICIENCIES

11-I-A Segregation of Duties: A limited number of people have the primary responsibility for many of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Agency. This is a common deficiency among small Organizations.

Recommendation: We recognize that it may not be economically feasible for the Agency to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Agency to employ additional personnel for this reason. The Board will continue to act as an oversight group.

Conclusion: Response accepted.

* * *

PART II - INSTANCES OF NON-COMPLIANCE

No matters were reported.

* * *

PART III - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

11-III-A Questionable Expenses: No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

11-III-B Travel Expense: No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.

11-III-C Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

11-III-D Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.

Cass County Environmental Control Agency

Schedule of Findings

Year ended June 30, 2011

PART III - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING -
Continued

11-III-E Solid Waste Tonnage Fees Retained: No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.

11-III-F Financial Assurance: The Agency has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 567-113.14(b) of the Code of Iowa. The calculation is made as follows:

	<u>Closure</u>	<u>Postclosure</u>
Total estimated costs for closure and postclosure care	\$ 538,376	\$ 750,733
Less: Balance of funds held in the local dedicated fund at June 30, 2010	<u>21,719</u> 516,657	<u>69,143</u> 681,590
Divided by the number of years remaining in the pay-in period	<u>÷ 2.25</u>	<u>÷ 2.25</u>
Required payment into the local dedicated fund for the year ended June 30, 2011	229,625	302,929
Balance of funds held in the local dedicated fund at June 30, 2010	<u>21,719</u>	<u>69,143</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2011	<u>\$ 251,344</u>	<u>\$ 372,072</u>
Amount Agency has restricted for closure and postclosure care at June 30, 2011	<u>\$ 46,104</u>	<u>\$ 68,249</u>

The Agency uses the availability of a \$1,200,000 line of credit to demonstrate the ability to meet the financial assurance requirements.

* * *

Cass County Environmental Control Agency

Schedule of Findings

Year ended June 30, 2011

PART IV - OTHER COMMENT

11-IV-A Non-budgeted Expenditures: It was noted during the audit that certain non-budgeted expenditures are not being recorded on the monthly budget expense report. However, these expenditures are reviewed monthly with other budgeted expenditures and approved by the Board.

Recommendation: We recommend all expenditures be recorded on the monthly budget expense report to properly report all expenditures incurred each month. This will provide better financial reporting of the Agency's operations.

Response: All expenditures are reviewed and approved by the Board.

Conclusion: Response accepted.

* * *